

Message Text

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TO AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY BONN
INFO AMEMBASSY KINSHASA

C O N F I D E N T I A L STATE 310648

E.O. 11652: GDS

TAGS: EFIN, CG, ETEL, FR

SUBJECT: DOMSAT AND ZAIRIAN ECONOMIC PERFORMANCE

REFS: (A) STATE 301760, (B) KINSHASA 10614

1. AMBASSADOR CUTLER IN KINSHASA HAS HAD LONG SUBSTANTIVE
CONVERSATION WITH PRESIDENT MOBUTU ABOUT USG CONCERN FOR
IMPLICATIONS OF DOMESTIC SATELLITE CONTRACT WITH FRENCH
(REF B). MOBUTU'S REACTION WAS AS EXPECTED, AND WE DOUBT
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IF CONTRACT WILL BE CANCELLED. WE STILL HOPE HOWEVER THAT
AMBASSADOR CUTLER HAS PURSUADED MOBUTU TO AT LEAST SERIOUS-
LY CONSIDER ADJUSTING OR DEFERRING CONTRACT IMPLEMENTATION
SO AS TO MINIMIZE ITS IMPACT ON DEBT SERVICE OVER COMING
YEARS AND THAT WE CAN PURSUADE GOF ALONG SAME LINES. KIN-
SHASA'S TELEGRAM ALSO REPORTS MOBUTU'S STATEMENT THAT

FRENCH HAVE ALREADY AGREED TO RESCHEDULE DOMSAT FINANCING, MEANING THAT ZAIRE "WOULD NOT HAVE TO PAY A FRANC FOR YEARS."

2. USG NOW BELIEVES TIME IS RIPE FOR APPROACH TO HOST GOVERNMENT OF ADDRESSEE POSTS, ALONG LINES FORWARDED IN REF (A) AND ADJUSTED TO REFLECT APPROACH MADE DIRECTLY TO PRESIDENT MOBUTU. KEY POINTS REMAIN OUR ASSESSMENT OF THE ZAIRE SITUATION, IMPORTANCE OF BOTH THE GOZ'S AGREEMENT

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WITH PRIVATE BANKS AND NEGOTIATIONS WITH IMF, AND IMPORTANCE OF IMPROVED GOZ ECONOMIC PERFORMANCE INCLUDING AVOIDANCE OF NON-PRIORITY PROJECTS.

3. FOR PARIS: YOUR PRESENTATION SHOULD BE ADJUSTED TO REFLECT MOBUTU'S COMMENT THAT FRENCH HAVE ALREADY ADJUSTED TERMS OF AGREEMENT. AFTER OUTLINING OUR GENERAL VIEW OF SITUATION (REF A), YOU SHOULD ASK PERBEREAU FOR DETAILS ON IMPLEMENTATION SCHEDULE AND FINANCING OF PROJECT URGING THAT IMPLEMENTATION BE DEFERRED OR ADJUSTED SO THAT CONTRACT DOES NOT ADD TO ZAIRE'S ALREADY STAGGERING FINANCIAL DIFFICULTIES.

4. FOR LONDON, BRUSSELS, BONN: WITH RESPECT TO FRENCH COMMUNICATIONS CONTRACT, YOU SHOULD EXPRESS USG CONCERN NOTED REFTEL (A) THAT GOF-GOZ DECISION TO MOVE AHEAD ON CONTRACT CONTRADICTS ACCEPTED PRINCIPLE THAT NON-PRIORITY BORROWING IS INCOMPATIBLE WITH ZAIRIAN ECONOMIC PERFORMANCE. YOU SHOULD NOTE THAT THE USG IS ALSO EXPRESSING

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OUR CONCERN TO PARIS CLUB CHAIRMAN PERBEREAU AND THAT WE ARE ASKING HIM FOR SPECIFIC INFORMATION ON REPAYMENT TERMS.

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